



## Agenda Report

21-271

Agenda Date: 3/23/2021

### REPORT TO COUNCIL

#### **SUBJECT**

Public Hearing: FY 2021-2022 DRAFT Annual Action Plan for the use of Federal Housing and Urban Development Grant Funds, and CDBG Guidelines

#### **COUNCIL PILLAR**

Promote and Enhance Economic, Housing and Transportation Development

#### **BACKGROUND**

##### Annual Action Plan:

The City of Santa Clara receives annual funding from the United States Department of Housing and Urban Development (HUD) in the form of Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) funds. CDBG funds are used to provide public services to Santa Clara's low-income residents and funding for capital improvement projects. HOME funds are used for the development of affordable housing options.

As an entitlement agency, the City is required to develop a Five-Year Consolidated Plan (ConPlan) that identifies goals and needs within the community that could be addressed through the use of HUD funding. The City is also required each year to prepare an Annual Action Plan (AAP) to document how the City will use HUD funding consistent with the goals and needs identified in the ConPlan. Both documents must be reviewed and approved by HUD in order for the City to receive annual HUD fund allocations.

HUD requires that the public be provided two opportunities to offer input on the development of the AAP; once during the development of the draft AAP, and once prior to submission of the final version of the AAP to HUD for review. This is the first of the two required public hearings. Public comment will be included in the final version of the AAP which is scheduled to be presented to the City Council (the second public hearing) on May 4, 2021. The final version of the AAP will be submitted to HUD on or before May 15, 2021.

##### CDBG Guidelines:

During the 2019 program year, HUD performed a monitoring visit and advised the City to draft and adopt updated CDBG Guidelines to provide guidance around how to implement its public service grants and how to monitor subrecipients. The proposed CDBG Monitoring Manual and Policies and Procedures Manual, Attachments 3 and 4, will address HUD's audit finding and requirement.

**DISCUSSION**

The 2021-2022 AAP is a one-year Plan that directs how the HUD funds will be spent on projects and activities to address Goals identified in the ConPlan. HUD has announced Entitlement allocations for the 2021 program year. The Carryover amounts are subject to change prior to the final version of the Action Plan due, in part, to the receipt of Program Income, and ongoing draws. Although the HOME program expects to receive approximately \$150,000 in Program Income in FY21/22, only 10% (\$15,000) will be programmed in FY21/22. The remaining Program Income will be programmed in the FY22/23 AAP. The following table details the City's Expected Resources and the projects/activities for the FY2021-2022.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2			
			Annual Allocation	Program Income	Prior Year Resource	Total:
			\$	\$	\$	\$
CDBG	Public-Federal	<u>NCIP Rehab</u> Public Improvements Public Services Admin./Planning	\$1,059,092	\$450,000	\$385,000	\$1,894,092
HOME	Public-Federal	<u>CHDO and TBRA</u> Admin. and Planning.	\$433,011	\$15,000	\$922,967	\$1,370,978
General Fund	Public-Local	Public Services	\$22,197	0	0	\$95,000
			\$67,803			
			\$5,000			
City Affordable Housing Fund (CAHF)	Public-Local	Public Services	\$225,697	0	0	\$225,697
City Housing Successor Fund (CHSF)	Public-Local	Public Services	\$250,000	0	0	\$250,000

Fifteen percent (15%) of the HOME funds are reserved for distribution to a Community Housing Development Organization (CHDO). A CHDO is defined as a private, non-profit, community-based, service organization that develops affordable housing in the local community. HUD also allows for a set percentage of both HOME (10%) and CDBG (20%) funds to be allocated by the local jurisdiction for administrative costs.

Attachment 2, the DRAFT Annual Action Plan Funding Breakdown, details which programs and activities will be funded with HUD funds and local funds to benefit Santa Clara's low-income population. The Public Service Agencies identified in the proposed distribution are in their second year of a three-year contract with the City to provide such services.

**ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California

Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

### **FISCAL IMPACT**

The City was recently notified that its entitlement amounts for FY 2021/22 are \$1,059,092 in CDBG funds and \$433,011 in HOME funds, a slight increase of the conservatively estimated amounts of \$987,730 and \$412,033 respectively. The estimated FY 2020/21 program income totals \$450,000 for CDBG and \$15,000 for HOME funds. This proposed allocation of the City's available CDBG and HOME grant and program income funds would be used to support the goals set forth in the City's Consolidated Plan.

### **COORDINATION**

This report has been coordinated with the Finance Department and City Attorney's Office.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>>.

Preparation of the AAP follows a procedure determined by HUD and includes two public hearings to identify community needs and objectives, and to review priorities for the City's HUD funding allocations. The first public hearing is being held on the March 23, 2021 Council Meeting, and the second on the May 4, 2021 City Council meeting. Comments made at the two public hearings will be noted in the final AAP.

The AAP is also made available for public review and comment for a 30-day period. Noticing of the 30-day public comment period was published on March 3, 2021 in The Santa Clara Weekly. The AAP was also made available on the City's website, and at public locations including the City Clerk's Office, and the Housing and Community Services Division. Notification of the availability of the AAP was also emailed to interested parties which include local nonprofit agencies.

### **ALTERNATIVES**

1. Approve the 2021-2022 DRAFT Annual Action Plan.
2. Approve the CDBG Policies & Procedures Manual and the CDBG Monitoring Manual.
3. Any other Council direction.

### **RECOMMENDATION**

1. Approve the 2021-2022 DRAFT Annual Action Plan, and direct staff to incorporate all public comments into the final version to be presented before council on May 4, 2021; and
2. Approve the CDBG Policies & Procedures Manual and CDBG Monitoring Manual.

Reviewed by: Andrew Crabtree, Director of Community Development  
Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. 2021-2022 DRAFT Annual Action Plan
2. 2021-2022 DRAFT Annual Action Plan Funding Breakdown
3. CDBG Policy & Procedures Manual (DRAFT)
4. CDBG Monitoring Manual (DRAFT)